ALLIANCE ONE INTERNATIONAL, INC.
Form 10-K/A
May 25, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K/A
(AMENDMENT NO. 1)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED March 31, 2015

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _______ TO _______.

Alliance One International, Inc.
(Exact name of registrant as specified in its charter)

Virginia	001-13684	54-1746567
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

8001 Aerial Center Parkway
Morrisville, North Carolina 27560-8417
(Address of principal executive offices)

Telephone Number (919) 379-4300
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange On Which Registered
Common Stock (no par value)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No[X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes [ ] No [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [ ] No [X]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [ ] No [X]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer [] Accelerated Filer [X] Non-Accelerated filer [] Smaller Reporting Company []
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ] No [X]

As of September 30, 2014, the aggregate market value of the registrant’s common stock held by non-affiliates of the registrant was approximately $161.5 million based on the closing sale price of the common stock as reported on the New York Stock Exchange. As of June 1, 2015, there were 8,858,310 shares of Common Stock outstanding (no par value) excluding 785,312 shares owned by a wholly owned subsidiary. After the close of business on June 26, 2015, the registrant effected a one-for-ten reverse split of its Common Stock. The shares noted above have been restated for this reverse split.

DOCUMENTS INCORPORATED BY REFERENCE Certain information contained in the Proxy Statement for the 2015 Annual Meeting of Shareholders of the registrant filed on July 10, 2015 is incorporated by reference into Part III hereof.

Explanatory Note

We are filing this amended Form 10-K/A ("Form 10-K/A") to amend our Annual Report on Form 10-K for the year ended March 31, 2015, originally filed with the Securities and Exchange Commission (the "SEC") on June 8, 2015 ("Original Filing"), to restate our consolidated financial statements and related footnote disclosures for the years ended March 31, 2015, 2014 and 2013. This Form 10-K/A also includes under Part II, Item 6 of this Form 10-K/A restated selected consolidated statement of operations data for the fiscal year ended March 31, 2012 and selected consolidated balance sheet data at March 31, 2012 and 2011, which restated selected consolidated financial data have not been audited, and certain restated quarterly information under the Supplementary Data heading in Item 8 of this Form 10-K/A. The previously filed financial statements for those years should no longer be relied upon. This Form 10-K/A also amends certain other items in the Original Filing, as listed in "Items Amended in this Form 10-K/A" below.

Restatement Background

On February 15, 2016, the Audit Committee of our Board of Directors (the "Audit Committee"), after discussion with management, determined that the following financial statements previously filed with the SEC should no longer be relied upon: (1) the audited consolidated financial statements included in our Annual Report on Form 10-K for the years ended March 31, 2015, 2014 and 2013; and (2) the unaudited condensed consolidated financial statements included in our Quarterly Reports on Form 10-Q for the quarters ended June 30, 2015, 2014 and 2013, September 30, 2014 and 2013, and December 31, 2014 and 2013. Similarly, the related press releases, auditor reports on the consolidated financial statements as of and for the year ended March 31, 2015, 2014 and 2013, and the effectiveness of internal control over financial reporting, management's report on the effectiveness of internal control over financial reporting, and stockholder communications describing the portion of our financial statements for these periods that needed to be restated should no longer be relied upon.

In the course of downsizing and terminating certain operations of Alliance One Tobacco (Kenya) Limited ("AOTK"), and preparing our financial statements for the quarter ended September 30, 2015, the Company identified errors in accounts receivable, inventory, sales and cost of goods sold in AOTK. Specifically, the value of inventory was overstated due to improper accounting for shrinkage, deferred crop costs, lower of cost or market valuations and inventory counts. Further, sales and other operating revenues, and trade and other receivables, net were incorrectly stated due to improper revenue recognition for external sales. As a result of these errors, we have restated our consolidated financial statements for the years ended March 31, 2015, 2014 and 2013 and the selected quarterly financial data (unaudited) on this Form 10-K/A. In addition, we have restated selected consolidated statement of operations data for the fiscal year ended March 31, 2012 and selected consolidated balance sheet data at March 31, 2012 and 2011, which restated selected consolidated financial data have not been audited.

As of March 31, 2015, the correction of these errors decreased the reported amount of inventory by approximately $32 million, decreased accounts receivable by approximately $7 million, and decreased retained earnings by approximately $39 million. Approximately $26 million of the decrease in retained earnings is related to periods prior to the year ended March 31, 2015, with a portion in each quarter dating back to fiscal 2011 and prior. Further, these corrections decreased operating income for the year ended March 31, 2015 by approximately $13 million. Please refer to Note 1A "Restatement of Previously Issued Consolidated Financial Statements" of Notes to Consolidated Financial Statements (As Restated) included in Part II, Item 8 of this Form 10-K/A for more information regarding the impact of these adjustments.

Along with restating our financial statements to correct the errors discussed above, we have recorded adjustments for certain previously identified immaterial accounting errors related to the periods covered by this Form 10-K/A. When these financial statements were originally issued, we assessed the impact of these errors and concluded that they were not material to our financial statements for each of the years ended March 31, 2015, 2014 and 2013, and reported fiscal quarters within each of these years. However, in conjunction with our need to restate our financial statements as a result of the errors noted above, we have determined that it would be appropriate within this Form 10-K/A to record all such previously unrecorded adjustments. Please refer to Note 1A "Restatement of Previously Issued Consolidated Financial Statements" of Notes to Consolidated Financial Statements (As Restated) included in Part II, Item 8 of this

Form 10-K/A for more information regarding the impact of these adjustments.
Because our prior period financial results have been corrected for errors, they are considered to be "restated" under U.S. generally accepted accounting principles. Accordingly, the revised financial information included in this Annual Report on Form 10-K/A has been identified as “restated.”

Restatement of Other Financial Statements

We are concurrently filing an amendment to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (the “Form 10-Q/A”). We are filing the Form 10-Q/A to restate our unaudited condensed consolidated financial statements and related financial information for the periods contained in that report and to amend certain other items within that report.

Internal Control Consideration

Our Chief Executive Officer and Chief Financial Officer have determined that there were deficiencies in our internal control over financial reporting that constitute material weaknesses, as defined by SEC regulations, at March 31, 2015. Accordingly, our Chief Executive Officer and Chief Financial Officer have concluded that our internal control over financial reporting and our disclosure controls and procedures, as defined by SEC regulations, were not effective at March 31, 2015, as discussed in Part II, Item 9A of this Form 10-K/A.

Items Amended in this Form 10-K/A

For the convenience of the reader, this Form 10-K/A sets forth the Original Filing, in its entirety, as modified and superseded as necessary to reflect the restatement. The following items in the Original Filing have been amended as a result of, and to reflect, the restatement:

1 Part I, Item 1. Business
   A. The Company
   B. The Business - Purchasing
   B. The Business - Selling
   B. The Business - Reportable Segments
   C. Other - Alliance One Employees
2 Part I, Item 1A. Risk Factors
3 Part 1, Item 2. Properties
5 Part II, Item 5. Market for Registrants' Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities
6 Part II, Item 6. Selected Financial Data
7 Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
8 Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk
9 Part II, Item 8. Financial Statements and Supplementary Data
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11 Part II, Item 12. Security Ownership of Certain Beneficial Owners and Management and Related to Stockholder Matters
12 Part IV, Item 15. Exhibits, Financial Statement Schedules

In accordance with applicable SEC rules, this Form 10-K/A includes new certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, as amended, from our Chief Executive Officer and Chief Financial Officer dated as of the filing date of this Form 10-K/A.

The Company is concurrently filing an amended Quarterly Report on Form 10-Q/A for the quarterly period ended June 30, 2015, and Quarterly Reports on Form 10-Q for the quarterly periods ended September 30, 2015 and December 31, 2015.

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PART I

ITEM 1. BUSINESS (AS RESTATED)

A. The Company (As Restated)

Alliance One International, Inc. ("we," "Alliance One" or the "Company") is a Virginia corporation with revenues of approximately $2.1 billion and operating income of approximately $98.0 million for the year ended March 31, 2015. Our common stock has been traded on the New York Stock Exchange since 1995. Through our predecessor companies, we have a long operating history in the leaf tobacco industry with some customer relationships beginning in the early 1900s. Alliance One is one of only two global publicly held leaf tobacco merchants, each with similar global market shares. We have broad geographic processing capabilities, a diversified product offering and an established customer base, including all of the major consumer tobacco product manufacturers. Our goal is to be the preferred supplier of quality tobacco products and innovative solutions to the world’s manufacturers and marketers of tobacco products.

Additional Information
We are required to file annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission (“SEC”). The public may read and copy any materials that we file with the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file with the SEC at http://www.sec.gov.

Our website address is http://www.aointl.com. We make available free of charge through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The information contained on our website shall not be deemed part of this annual report on Form 10-K/A for any reason.

B. The Business (As Restated)

Leaf tobacco merchants purchase, process, pack, store and ship tobacco to manufacturers of cigarettes and other consumer tobacco products throughout the world. In an increasing number of markets, we also provide agronomy expertise for growing leaf tobacco. Our revenues are primarily comprised of sales of processed tobacco and fees charged for processing and related services to these manufacturers of tobacco products. Processing and other revenues are approximately 5% of our total revenues. We do not manufacture cigarettes or other consumer tobacco products.

We deal primarily in flue-cured, burley, and oriental tobaccos that are used in international brand cigarettes. Several of the large multinational cigarette manufacturers have operations throughout the world, particularly in Asia, Eastern Europe and the former Soviet Union, in order to access and penetrate the international brand cigarette markets. As cigarette manufacturers expand their global operations, we believe that demand will increase for local sources of leaf tobacco and local tobacco processing and distribution, primarily due to beneficial tariff rates and lower freight costs. We believe that for some large multinational cigarette manufacturers, international expansion will cause them to place greater reliance on the services of leaf tobacco merchants with the ability to source and process tobacco on a global basis and to help develop higher quality local sources of tobacco by improving local agronomic practices. For other large multinational cigarette manufacturers, international expansion also includes vertical integration of their operations, either through acquisition of the operations of existing leaf tobacco merchants, establishing new operations or contracting directly with suppliers. In fiscal 2014, we completed the formation of a joint venture in Brazil with China Tobacco International, Inc. The joint venture entity had previously operated as one of our subsidiaries since its formation in 2012. In recent years, Japan Tobacco, Inc. (“JTI”) enhanced their direct leaf procurement capabilities with the acquisition of small leaf processors in Malawi and Brazil and the formation a joint venture for tobacco leaf in the

United States. Philip Morris International, Inc. ("PMI") has also strengthened their direct leaf procurement capabilities with the acquisition of supplier contracts and the related assets from Alliance One and from another tobacco merchant in Brazil. In addition, some customers have entered into joint venture arrangements to secure their future leaf requirements. We will continue to work with our customers to meet all their needs as their buying patterns and business models change while continuing to be a provider of quality tobacco products and innovative solutions.

Purchasing (As Restated)
Tobacco is primarily purchased directly from suppliers with small quantities still sold at auction. In non-auction markets, we purchase tobacco directly from suppliers and we assume the risk of matching the quantities and grades required by our customers to the entire crop we must purchase under contract. In other non-auction markets, such as China, we buy tobacco from local entities that have purchased tobacco from suppliers and supervise the processing of that tobacco by those local entities. Principal auction markets include India, Malawi and Zimbabwe and our network of tobacco operations and buyers allows us to cover the major auctions of flue-cured and burley tobacco throughout the world. In the United States and other locations, a number of our customers purchase tobacco directly from the suppliers in addition to the leaf merchants. Although our facilities process the tobacco purchased directly from suppliers by these customers, we do not take ownership of that tobacco and do not record sales revenues associated with its resale.

Purchasing (As Restated) (continued)

Our arrangements with suppliers vary from locale to locale depending on our predictions of future supply and demand, local historical practice and availability of capital. In certain jurisdictions, we purchase seeds, fertilizer, pesticides and other products related to growing tobacco and advance them to suppliers, which represents prepaid inventory. The suppliers then utilize these inputs to grow tobacco, which we are contractually obligated to purchase. The advances of inputs for the current crop generally include the original cost of the inputs plus a mark-up and interest as it is earned. Where contractually permitted, we charge interest to the suppliers during the period the current crop advance is outstanding. We generally advance inputs at a price greater than our cost, which results in a mark-up on the inputs. We account for our advances to tobacco suppliers using a cost accumulation model, which results in us reporting our advances at the lower of cost or recoverable amounts excluding the mark-up and interest. The mark-up and interest on our advances are recognized when the tobacco is delivered as a decrease in our cost of the current crop. Upon delivery of tobacco, part of the purchase price paid to the supplier is paid in cash and part through a reduction of the advance balance. The advances applied to the delivery are reclassified out of advances and into unprocessed inventory. We advance inputs only to suppliers with whom we have purchase contracts. For example, in Brazil, we generally contract to purchase a supplier's entire tobacco crop at the market price per grade at the time of harvest based on the quality of the tobacco delivered. Pursuant to these purchase contracts, we provide suppliers with fertilizer and other materials necessary to grow tobacco and may guarantee Brazilian rural credit loans to suppliers to finance the crop. Under longer-term arrangements with suppliers, we may advance or guarantee financing on suppliers' capital assets, which are also recovered through the delivery of tobacco to us by our suppliers.

In these jurisdictions, our agronomists maintain frequent contact with suppliers prior to and during the growing and curing seasons to provide technical assistance to improve the quality and yield of the crop. As a result of various factors including weather, not all suppliers are able to settle the entire amount of advances through delivery of tobacco in a given crop year. Throughout the crop cycle, we monitor events that may impact the suppliers’ ability to deliver tobacco. If we determine we will not be able to recover the original cost of the advances with deliveries of the current crop, or future crop deliveries, the unit cost of tobacco actually received is increased when unrecoverable costs are within a normal range which is based on our historical results or expensed immediately when they are above a normal range based on our historical results. We account for the unrecoverable costs in this manner to ensure only costs within a normal range are capitalized in inventory and costs that are above a normal range are expensed immediately as current period charges.

Alliance One has developed an extensive international network through which we purchase, process and sell tobacco and we hold a leading position in most tobacco growing regions in the world. We purchase tobacco in more than 35 countries. During the three years ended March 31, 2015, 2014 and 2013, approximately 20%, 21% and 21%, respectively, of our purchases of tobacco were from the North America operating segment and approximately 80%, 79% and 79%, respectively, were from the Other Regions operating segment. Within the Other Regions operating segment, approximately 63%, 63% and 61% of our total purchases for the three years ended March 31, 2015, 2014 and 2013 respectively, were from China, Brazil, Turkey and the Africa Region.

Processing

We process tobacco to meet each customer's specifications as to quality, yield, chemistry, particle size, moisture content and other characteristics. Unprocessed tobacco is a semi-perishable commodity that generally must be processed within a relatively short period of time to prevent fermentation or deterioration in quality. The processing of leaf tobacco facilitates shipping and prevents spoilage and is an essential service to our customers because the quality of processed leaf tobacco substantially affects the quality of the manufacturer’s end product. Accordingly, we have located our production facilities in proximity to our principal sources of tobacco.

We process tobacco in more than 35 owned and third-party facilities around the world including Argentina, Brazil, China, Zimbabwe, Jordan, Guatemala, India, Tanzania, the United States, Malawi, Thailand, Germany, Indonesia, Macedonia, Bulgaria and Turkey. These facilities encompass all leading export locations of flue-cured, burley and oriental tobaccos. In addition, we have entered into contracts, joint ventures and other arrangements for the purchase of tobacco grown in substantially all other countries that produce export-quality flue-cured and burley tobacco.

Upon arrival at our processing plants, flue-cured and burley tobacco is first reclassified according to grade. Most of that tobacco is then blended to meet customer specifications regarding color, body and chemistry, threshed to remove the stem from the leaf and further processed to produce strips of tobacco and sieve out small scrap. We also sell a small amount of processed but unthreshed flue-cured and burley tobacco in loose-leaf and bundle form to certain customers. Oriental tobaccos are handled and processed in a similar manner other than that the tobaccos are not threshed to remove stems.

Processed flue-cured, burley and oriental tobacco is redried to remove excess moisture so that it can be held in storage by customers or us for long periods of time. After redrying, whole leaves, bundles, strips or stems and scrap where applicable are separately packed in cases, bales, cartons or hogsheads for storage and shipment. Packed flue-cured, burley and oriental tobacco generally is transported in the country of origin by truck or rail, and exports are moved by ship. Prior to and during processing, steps are taken to ensure consistent quality of the tobacco, including the regrading and removal of undesirable leaves, dirt and other non-tobacco related material. Customer representatives are frequently present at our facilities to monitor the processing of their particular orders. Throughout the processing, our technicians use quality control laboratory test equipment to ensure that the product meets all customer specifications.

Selling (As Restated)

We ship tobacco to manufacturers of cigarettes and other consumer tobacco products located in approximately 90 countries around the world as designated by these manufacturers. We recognize sales revenue when persuasive evidence of an arrangement exists, the price to the customer is fixed, collectability is reasonably assured and title and risk of ownership is passed to the customer, which is upon either shipment or delivery. In certain countries we also use commissioned agents to supplement our selling efforts. Individual shipments may be large, and since the customer typically specifies shipping dates, our financial results may vary significantly between reporting periods due to timing of sales. In some markets, principally the United States, we process tobacco that is owned by our customers, and revenue is recognized when the processing is completed.

The consumer tobacco business is dominated by a relatively small number of large multinational cigarette manufacturers and by government controlled entities. Including their respective affiliates, accounting for more than 10% of our revenues were each of PMI and China Tobacco International, Inc. for the year ended March 31, 2015; PMI, JTI and China Tobacco International, Inc. for the year ended March 31, 2014; and PMI, JTI, Imperial Tobacco Group PLC and China Tobacco International Inc. for the year ended March 31, 2013.

In 2015, Alliance One delivered approximately 42% of its tobacco sales to customers in Europe and approximately 18% to customers in the United States. One customer directs shipments to its Belgium storage and distribution center before shipment to its manufacturing facilities in Europe and Asia. In 2015, these Belgium sales accounted for 7% of sales to customers in Europe. The remaining sales are to customers located in Asia, Africa and other geographic regions of the world.

Seasonality

The purchasing and processing activities of our tobacco business are seasonal. Flue-cured tobacco grown in the United States is purchased, processed and marketed generally during the five-month period beginning in July and ending in November. U.S. grown burley tobacco is purchased, processed and marketed usually from late November through January or February. Tobacco grown in Brazil is usually purchased, processed and marketed from January through July and in Africa from April through September. Other markets around the world have similar purchasing periods, although at different times of the year.

During the purchasing, processing and marketing seasons, inventories of unprocessed tobacco, inventories of redried tobacco and trade accounts receivable normally reach peak levels in succession. Current liabilities, particularly advances from customers and short-term notes payable to banks, normally reach their peak in this period as a means of financing the seasonal expansion of current assets. At March 31, the end of our fiscal year, the seasonal components of our working capital reflect primarily the operations related to foreign grown tobacco.

Competition

Alliance One is one of only two global publicly held leaf tobacco merchants, with substantially similar global market shares in markets in which we both operate. We hold a leading position in most major tobacco growing regions in the world, including the principal export markets for flue-cured, burley and oriental tobacco and, as a result of our scale, global reach, and financial resources, we believe we are well-suited to serve the needs of all manufacturers of cigarettes and other consumer tobacco products.

The leaf tobacco industry is highly competitive and competition is based primarily on the price charged for products and services as well as the merchant's ability to meet customer specifications in the buying, processing, residue compliance and financing of tobacco. In addition to the primary global independent leaf tobacco merchants, there are a number of other independent global, regional or national competitors. Local independent leaf merchants with low fixed costs and overhead also supply cigarette manufacturers. Recent vertical integration initiatives and other changes in customer buying patterns have resulted in a more dynamic and competitive operating environment. There is also competition in all countries to buy the available leaf tobacco and in many areas, total leaf tobacco processing capacity exceeds demand.

Reportable Segments (As Restated)

The purchasing, processing, selling and storing of leaf tobacco is similar throughout our business. However, we maintain regional operating and financial management in North America, South America, Europe, Africa and Asia to monitor our various operations in these areas. In reviewing these operations, we have concluded that the economic characteristics of North America are dissimilar from the other operating regions. Based on this fact, we disclose North America separately and aggregate the remaining four operating segments, Africa, Asia, Europe and South America into one reportable segment "Other Regions." Our financial performance is reviewed at this level and these regions represent our operating segments. See Note 14 "Segment Information" to the "Notes to Consolidated Financial Statements" for financial information attributable to our reportable segments.

C. Other (As Restated)

Research and Development

We routinely cooperate with both our customers and the manufacturers of the equipment used in our processing facilities to improve processing technologies. However, no material amounts are expended for research and development, and we hold no material patents, licenses, franchises, or concessions.

Alliance One Employees (As Restated)

Alliance One’s consolidated entities employed approximately 3,281 persons, excluding seasonal employees, in our worldwide operations at March 31, 2015. In the Other Regions operating segment, Alliance One’s consolidated entities employed approximately 2,665 employees at March 31, 2015, excluding approximately 6,933 seasonal employees. Most seasonal employees are covered by collective bargaining agreements. In the North America operating segment, Alliance One’s consolidated entities employed approximately 616 employees at March 31, 2015 excluding approximately 174 seasonal employees. Most seasonal employees as well as approximately 190 full-time factory personnel in the United States are covered by collective bargaining agreements. We consider Alliance One’s employee relations to be satisfactory.

Government Regulation and Environmental Compliance

See Item 1A. “Risk Factors” for a discussion of government regulation. Currently there are no material estimated capital expenditures related to environmental control facilities. In addition, there is no material effect on capital expenditures, results of operations or competitive position anticipated as a result of compliance with current or pending federal or state laws and regulations relating to protection of the environment.

EXECUTIVE OFFICERS OF ALLIANCE ONE INTERNATIONAL, INC.

The following information is furnished with respect to the Company's executive officers as of April 1, 2015, and the capacities in which they serve. These officers serve at the pleasure of the Board of Directors and are elected at each annual organizational meeting of the Board.

NAME	AGE	TITLE
J. Pieter Sikkel	51	President and Chief Executive Officer
Graham J. Kayes	50	Executive Vice President - Business Relationship Management and Leaf
Jose Maria Costa Garcia	49	Executive Vice President - Global Operations and Supply Chain
Joel L. Thomas	48	Executive Vice-President - Chief Financial Officer
William L. O’Quinn, Jr.	46	Senior Vice President - Chief Legal Officer and Secretary

The business experience summaries provided below for the Company's executive officers describe positions held by the named individuals during the last five years.

J. Pieter Sikkel has served as President and Chief Executive Officer of Alliance One International, Inc., since March 2013, having previously served as President from December 14, 2010 through February 2013, Executive Vice President - Business Strategy and Relationship Management from May 2007 through December 13, 2010, and as Regional Director of Asia from May 2005 through April 2007.

Graham J. Kayes has served as Executive Vice President - Business Relationship Management and Leaf since July 2014, having previously served as Regional Director - Africa from February 2011 through June 2014, and as Managing Director of the Company's Tanzanian subsidiary from June 2007 through January 2011.

Jose Maria Costa Garcia has served as Executive Vice President - Global Operations and Supply Chain since August 2012, having previously served as Regional Director - Europe from September 2008 through July 2012, and as Regional Financial Director - Europe from April 2005 through August 2008.

Joel L. Thomas has served as Executive Vice President - Chief Financial Officer since January 2014, having previously served as Vice President - Treasurer from December 2005 through December 2013.

William L. O’Quinn, Jr. has served as Senior Vice President - Chief Legal Officer and Secretary since April 2011, having previously served as Senior Vice President - Assistant General Counsel and Secretary from January 2011 through March 2011, and as Assistant General Counsel and Assistant Secretary from August 2005 through December 2010.

ITEM 1A. RISK FACTORS (AS RESTATED)

The following risk factors should be read carefully in connection with evaluating our business and the forward-looking statements contained in this Annual Report on Form 10-K/A. Any of the following risks could materially adversely affect our business, our operating results, our financial condition and the actual outcome of matters as to which forward-looking statements are made in this Annual Report.

We may from time to time make written or oral forward-looking statements, including statements contained in filings with the SEC, in reports to stockholders and in press releases and investor calls and webcasts. You can identify these forward-looking statements by use of words such as “strategy,” “expects,” “continues,” “plans,” “anticipates,” “believes,” “will,” “estimates,” “intends,” “projects,” “goals,” “targets” and other words of similar meaning. You can also identify them by fact that they do not relate strictly to historical or current facts.

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements and whether to invest in or remain invested in Alliance One International, Inc. securities. In connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, we are identifying important risk factors that, individually or in the aggregate, could cause actual results and outcomes to differ materially from those contained in any forward-looking statements made by us; any such statement is qualified by reference to the following cautionary statements. We elaborate on these and other risks we face throughout this document. You should understand that it is not possible to predict or identify all risk factors. Consequently, you should not consider the following to be a complete discussion of all potential risks or uncertainties. We do not undertake to update any forward-looking statement that we may make from time to time.

Risks Relating to Our Operations

Our reliance on a small number of significant customers may adversely affect our financial statements.
Our customers are manufacturers of cigarette and other tobacco products. Several of these customers individually account for a significant portion of our sales in a normal year.

For the year ended March 31, 2015, each of Philip Morris International, Inc. and China Tobacco International Inc., including their respective affiliates, accounted for more than 10% of our revenues from continuing operations. In addition, tobacco product manufacturers have experienced consolidation and further consolidation among our customers could decrease such customers’ demand for our leaf tobacco or processing services. The loss of any one or more of our significant customers could have a material adverse effect on our financial statements.

Continued vertical integration by our customers could materially adversely affect our financial statements.
Demand for our leaf tobacco or processing services could be materially reduced if cigarette manufacturers continue to significantly vertically integrate their operations, either through acquisition of our competitors, establishing new operations or contracting directly with suppliers. During fiscal 2014, we completed the formation of a joint venture in Brazil with China Tobacco International Inc. The joint venture entity had previously operated as one of our subsidiaries since its formation in 2012. In recent years, Japan Tobacco, Inc. vertically integrated operations in Malawi, Brazil and the United States. In addition, Philip Morris International, Inc. acquired supplier contracts and related assets in Brazil in order to procure leaf directly. In general, our results of operations have been adversely affected by vertical integration initiatives. Further vertical integration by our customers could have a material adverse effect on our financial statements.

Global shifts in sourcing customer requirements may negatively impact our organizational structure and asset base.
The global leaf tobacco industry has experienced shifts in the sourcing of customer requirements for tobacco. For example, significant tobacco production volume decreases have occurred in the United States, Zimbabwe and Western Europe from historical levels. At the same time, production volumes in other sourcing origins, such as Brazil and

other areas of Africa, have stabilized. Additional shifts in sourcing may occur as a result of currency fluctuations, including devaluation of the U.S. dollar. A shift in sourcing origins in Europe has been influenced by modifications to the tobacco price support system in the European Union (EU). Customer requirements have changed due to these variations in production, which could influence our ability to plan effectively for the longer term in Europe.

We may not be able to timely or efficiently adjust to shifts in sourcing origins, and adjusting to shifts may require changes in our production facilities in certain origins and changes in our fixed asset base. We have incurred, and may continue to incur, restructuring charges as we continue to adjust to shifts in sourcing. Adjusting our capacity and adjusting to shifts in sourcing may have an adverse impact on our ability to manage our costs, and could have an adverse effect on our financial performance.

Risks Relating to Our Operations (continued)

Our financial results will vary according to growing conditions, customer indications and other factors, which reduces your ability to gauge our quarterly and annual financial performance.

Our financial results, particularly the quarterly financial results, may be significantly affected by fluctuations in tobacco growing seasons and crop sizes which affect the supply of tobacco. Crop sizes may be affected by, among other things, crop infestation and disease, the volume of annual tobacco plantings and yields realized by supplier and suppliers elections to grow crops other than tobacco. The cultivation period for tobacco is dependent upon a number of factors, including the weather and other natural events, such as hurricanes or tropical storms, and our processing schedule and results of operations for any quarterly period can be significantly altered by these factors.

The cost of acquiring tobacco can fluctuate greatly due to crop sizes and increased competition in certain markets in which we purchase tobacco. For example, short crops in periods of high demand translate into higher average green prices, higher throughput costs and less volume to sell. Furthermore, large crops translate into lower average green prices, lower throughput costs and excess volume to sell.

Further, the timing and unpredictability of customer indications, orders and shipments cause us to keep tobacco in inventory, increase our risk and result in variations in quarterly and annual financial results. The timing of shipments can be materially impacted by shortages of containers and vessels for shipping as well as infrastructure and accessibility issues in ports we use for shipment. We may from time to time in the ordinary course of business keep a significant amount of processed tobacco in inventory for our customers to accommodate their inventory management and other needs. Sales recognition by us and our subsidiaries is based on the passage of ownership, usually with shipment of product. Because individual shipments may represent significant amounts of revenue, our quarterly and annual financial results may vary significantly depending on our customers’ needs and shipping instructions. These fluctuations result in varying volumes and sales in given periods, which also reduces your ability to compare our financial results in different periods or in the same periods in different years.

Suppliers who have historically grown tobacco and from whom we have purchased tobacco may elect to grow other crops instead of tobacco, which affects the world supply of tobacco and may impact our quarterly and annual financial performance.

Increases in the prices for other crops have led and may in the future lead suppliers who have historically grown tobacco, and from whom we have purchased tobacco, to elect to grow these other, more profitable items instead of tobacco. A decrease in the volume of tobacco available for purchase may increase the purchase price of such tobacco. As a result, we could experience an increase in tobacco crop acquisition costs which may impact our quarterly and annual financial performance.

Our advancement of inputs to tobacco suppliers could expose us to losses.

We advance seeds, fertilizer, pesticides and other products related to growing tobacco to our suppliers, which represent prepaid inventory, in many countries to allow the suppliers to grow tobacco, which we are contractually obligated to purchase. The advances to tobacco suppliers are settled as part of the consideration paid upon the suppliers delivering us unprocessed tobacco at market prices. Two primary factors determine the market value of the tobacco suppliers deliver to us: the quantity of tobacco delivered and the quality of the tobacco delivered. Unsatisfactory quantities or quality of the tobacco delivered could result in losses with respect to advances to our tobacco suppliers or the deferral of those advances.

When we purchase tobacco directly from suppliers, we bear the risk that the tobacco will not meet our customers’ quality and quantity requirements.

In countries where we contract directly with tobacco suppliers, including Argentina, Brazil, the United States and certain African countries, we bear the risk that the tobacco delivered will not meet quality and quantity requirements of our customers. If the tobacco does not meet such market requirements, we may not be able to sell the tobacco we agreed to buy and may not be able to meet all of our customers’ orders, which would have an adverse effect on our profitability and results of operations.

Weather and other conditions can affect the marketability of our inventory.
Like other agricultural products, the quality of tobacco is affected by weather and the environment, which can change the quality or size of the crop. If a weather event is particularly severe, such as a major drought or hurricane, the affected crop could be destroyed or damaged to an extent that it would be less desirable to our customers, which would result in a reduction in revenues. If such an event is also widespread, it could affect our ability to acquire the quantity of products required by customers. In addition, other items can affect the marketability of tobacco, including, among other things, the presence of:

- non-tobacco related material;
- genetically modified organisms; and
- excess residues of pesticides, fungicides and herbicides.

A significant event impacting the condition or quality of a large amount of any of the tobacco crops we buy could make it difficult for us to sell such tobacco or to fill our customers' orders. In addition, in the event of climate change, adverse weather patterns could develop in the growing regions in which we purchase tobacco. Such adverse weather patterns could result in more permanent disruptions in the quality and size of the available crop, which could adversely affect our business.

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Risks relating to Our Operations (continued)

We face increased risks of doing business due to the extent of our international operations.
We do business in more than 35 countries, some of which do not have stable economies or governments. Our international operations are subject to international business risks, including unsettled political conditions, uncertainty in the enforcement of legal obligations, including the collection of accounts receivable, expropriation, import and export restrictions, exchange controls, inflationary economies, currency risks and risks related to the restrictions on repatriation of earnings or proceeds from liquidated assets of foreign subsidiaries. These risks are exacerbated in countries where we have advanced substantial sums or guaranteed local loans or lines of credit for the purchase of tobacco from suppliers. For example, in 2006 as a result of the political environment, economic instability, foreign currency controls and governmental regulations in Zimbabwe, we deconsolidated our Zimbabwe subsidiaries.

Our international operations are in areas where the demand is for the export of lower priced tobacco. We have significant investments in our purchasing, processing and exporting operations in Argentina, Brazil, Malawi, Tanzania and Turkey.

In recent years, economic problems in certain African countries have received wide publicity related to devaluation and appreciation of the local currency and inflation. Devaluation and appreciation can affect our purchase costs of tobacco and our processing costs. In addition, we conduct business with suppliers and customers in countries that have recently had or may be subject to dramatic political regime change, such as Egypt. In the event of such dramatic changes in the government of such countries, we may be unable to continue to operate our business, or adequately enforce legal obligations, after the change in a manner consistent with prior practice.

We are subject to potentially inconsistent actions by the governments of certain foreign countries in which we operate which may have a significant impact on our financial results. For example, in 2006, our concession to promote tobacco production in the Chifunde district of Mozambique was terminated by the government. Thereafter, we assessed our remaining Mozambique operations without the Chifunde district and determined that it was not in our economic interest to remain in Mozambique without this strategic district. Consequently, we discontinued our operations within Mozambique after the 2006 crop.

We are subject to the Foreign Corrupt Practices Act (the “FCPA”) and operate in jurisdictions that pose a high risk of potential FCPA violations.
We are subject to the FCPA, which generally prohibits companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business and/or other benefits. We operate in a number of jurisdictions that pose a high risk of potential FCPA violations. Although our corporate policy prohibits foreign bribery and we have adopted procedures to promote compliance, there is no assurance that our policy or procedures will work effectively all of the time or protect us against liability under the FCPA for actions taken by our agents, employees and intermediaries with respect to our business or any businesses that we acquire. Failure to comply with the FCPA, other anti-corruption laws and other laws governing the conduct of business with government entities (including local laws) could lead to criminal and civil penalties and other remedial measures (including further changes or enhancements to our procedures, policies, and controls, the imposition of a compliance monitor at our expense and potential personnel changes and/or disciplinary actions), any of which could have an adverse impact on our business, financial condition, results of operations and liquidity. Any investigation of any potential violations of the FCPA or other anti-corruption laws by U.S. or foreign authorities also could have an adverse impact on our business, financial condition and results of operations.

In 2010, we entered into settlements with the SEC and the U.S. Department of Justice to resolve their investigations regarding potential criminal and civil violations of the FCPA. The settlements resulted in the disgorgement in profits and fines totaling $19.45 million, which have been paid. Both settlements also required us to retain an independent compliance monitor for a three year term that was completed September 30, 2013.

Our exposure to changes in foreign tax regimes could adversely impact our business.
We do business in countries that have tax regimes in which the rules are not clear, are not consistently applied and are subject to sudden change. This is especially true with regard to international transfer pricing. Our earnings could be

reduced by the uncertain and changing nature of these tax regimes.

Fluctuations in foreign currency exchange and interest rates could adversely affect our results of operations.
We conduct our business in many countries around the world. Our business is generally conducted in U.S. dollars, as is the business of the leaf tobacco industry as a whole. However, we generally must purchase tobacco in non-U.S. countries using local currency. As a result, local country operating costs, including the purchasing and processing costs for tobaccos, are subject to the effects of exchange fluctuations of the local currency against the U.S. dollar. When the U.S. dollar weakens against foreign currencies, our costs for purchasing and processing tobacco in such currencies increases. We attempt to minimize such currency risks by matching the timing of our working capital borrowing needs against the tobacco purchasing and processing funds requirements in the currency of the country where the tobacco is grown. Fluctuations in the value of foreign currencies can significantly affect our operating results.

Risks relating to Our Operations (continued)

Fluctuations in foreign currency exchange and interest rates could adversely affect our results of operations. (continued)

In addition, the devaluation of foreign currencies has resulted and may in the future result in reduced purchasing power from customers whose capital resources are denominated in those currencies. We may incur a loss of business as a result of the devaluation of these currencies now or in the future.

Low investment performance by our defined benefit pension plan assets may increase our pension expense, and may require us to fund a larger portion of our pension obligations, thus, diverting funds from other potential uses.

We sponsor defined benefit pension plans that cover certain eligible employees. Our pension expense and required contributions to our pension plans are directly affected by the value of plan assets, the projected rate of return on plan assets, the actual rate of return on plan assets, and the actuarial assumptions we use to measure the defined benefit pension plan obligations.

If plan assets perform below the assumed rate of return used to determine pension expense, future pension expense will increase. Further, as a result of the global economic instability or other economic market events, our pension plan investment portfolio may experience significant volatility.

The proportion of pension assets to liabilities, which is called the funded status, determines the level of contribution to the plan that is required by law. In recent years, we have funded the plan in amounts as required, but changes in the plan's funded status related to the value of assets or liabilities could increase the amount required to be funded. We cannot predict whether changing market or economic conditions, regulatory changes or other factors will further increase our pension funding obligations, diverting funds that would otherwise be available for other uses.

Competition could erode our earnings.

The leaf tobacco industry is highly competitive. We are one of two global publicly held competitors in the leaf tobacco industry, each with similar global market shares. Competition is based primarily on the prices charged for products and services as well as the merchant's ability to meet customer specifications in the buying, processing and financing of tobacco. In addition, there is competition in all countries to buy the available tobacco. The loss or substantial reduction of any large or significant customer could reduce our earnings.

In addition to the two primary global independent leaf tobacco merchants, the cigarette manufacturers increasingly buy tobacco directly from suppliers. We also face increasing competition from new local and regional independent leaf merchants with low fixed costs and overhead and good customer connections at the local level, particularly Brazil and parts of Africa, where the new entrants have been able to capitalize in the global transition to those markets. Any of these sources of new competition may result in less tobacco available for us to purchase and process in the applicable markets.

We rely on internal and externally hosted information technology systems and disruption, failure or security breaches of these systems could adversely affect our business.

We rely on information technology (IT) systems, including systems hosted by service providers. The enterprise resource planning system (SAP) we are implementing in stages throughout the company, for example, is hosted by Capgemini and our domestic employee payroll system is hosted by Ceridian. Although we have disaster recovery plans and several intrusion preventive mitigating tools and services in place, which are active inline services or are tested routinely, our portfolio of hardware and software products, solutions and services and our enterprise IT systems, including those hosted by service providers, may be vulnerable to damage or disruption caused by circumstances beyond our control, such as catastrophic events, power outages, natural disasters, computer system or network failures, computer viruses or other malicious software programs and cyber-attacks, including system hacking and other cyber-security breaches. The failure or disruption of our IT systems to perform as anticipated for any reason could disrupt our business and result in decreased performance, significant remediation costs, transaction errors, loss of data, processing inefficiencies, downtime, litigation, and the loss of suppliers or customers. A significant disruption or failure could have a material adverse effect on our business operations, financial performance and financial condition.

We have identified material weaknesses related to our internal controls in the past, and there can be no assurance that material weaknesses will not be identified in the future.
On February 19, 2016, we concluded that the financial statements included in our Annual Form 10-K for the year ended March 31, 2015 could not be relied upon due to improper accounting for accounts receivable and inventory in Kenya. As a result, we identified certain matters involving our internal control over financial reporting that we determined to be material weaknesses. We believe we will complete the remediation of those material weaknesses in internal control over financial reporting during fiscal 2017. Although we intend to aggressively monitor and improve our internal controls, we cannot assure you that other material weaknesses will not occur in the future. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations or result in misstatements in our financial statements in amounts that could be material. Ineffective internal controls could cause investors to lose confidence in our reported financial information, which could have a negative effect on the value of our common stock and could also require additional restatements of our prior reported financial information.

Risks Relating to Our Capital Structure

We may not continue to have access to the capital markets to obtain long-term and short-term financing on acceptable terms and conditions.
We access the short-term capital markets and, from time to time, the long-term markets to obtain financing. Although we believe that we can continue to access the capital markets in fiscal 2016 on acceptable terms and conditions, our access and the availability of acceptable terms and conditions are impacted by many factors, including: (i) our credit ratings; (ii) the liquidity and volatility of the overall capital markets; and (iii) the current state of the economy, including the tobacco industry. There can be no assurances that we will continue to have access to the capital markets on terms acceptable to us.

We may not have access to available capital to finance our local operations in non-U.S. jurisdictions.
We have typically financed our non-U.S. local operations with uncommitted short-term operating credit lines at the local level. These operating lines are typically seasonal in nature, normally extending for a term of 180 to 270 days corresponding to the tobacco crop cycle in that location. These facilities are typically uncommitted in that the lenders have the right to cease making loans or demand payment of outstanding loans at any time. In addition, each of these operating lines must be renewed with each tobacco crop season in that jurisdiction. Although our foreign subsidiaries are the borrowers under these lines, many of them are guaranteed by us.

As of March 31, 2015, we had approximately $330.3 million drawn and outstanding on short-term foreign seasonal lines with maximum capacity totaling $795.7 million subject to limitations under our senior secured credit facility. Additionally against these lines there was $10.9 million available in unused letter of credit capacity with $6.3 million issued but unfunded.

Because the lenders under these operating lines typically have the right to cancel the loan at any time and each line must be renewed with each crop season, there can be no assurance that this capital will be available to our subsidiaries. If a number of these lenders cease lending to our subsidiaries or dramatically decrease such lending, it could have a material adverse affect on our liquidity.

Failure of foreign banks in which our subsidiaries deposit funds or the failure to transfer funds or honor withdrawals may affect our results of operations.
Funds held by our foreign subsidiaries are often deposited in their local banks. Banks in certain foreign jurisdictions may be subject to a higher rate of failure or may not honor withdrawals of deposited funds. In addition, the countries in which these local banks operate may lack sufficient regulatory oversight or suffer from structural weaknesses in the local banking system. Due to uncertainties and risks relating to the political stability of certain foreign governments, these local banks also may be subject to exchange controls and therefore unable to perform transfers of certain currencies. If our ability to gain access to these funds was impaired, it could have a material adverse effect on our results of operations.

We have substantial debt which may adversely affect us by limiting future sources of financing, interfering with our ability to pay interest and principal on the senior notes and subjecting us to additional risks.
We have a significant amount of indebtedness and debt service obligations. As of March 31, 2015, we had approximately $1,072.1 million of indebtedness. In addition, the indenture governing the senior secured second lien notes allows us to incur additional indebtedness under certain circumstances. If we add new indebtedness to our current indebtedness levels, the related risks that we now face could increase.

Our substantial debt will have important consequences, including:

- that our indebtedness may make it more difficult for us to satisfy our obligations with respect to the senior notes and our other obligations;
- that our indebtedness may limit our ability to obtain additional financing on satisfactory terms and to otherwise fund working capital, capital expenditures, debt refinancing, acquisitions and other general corporate requirements;
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that a significant portion of our cash flow from operations must be dedicated to paying interest on and the repayment of the principal of our indebtedness. This reduces the amount of cash we have available for making principal and interest payments under the senior notes and for other purposes and makes us more vulnerable to a decrease in demand for leaf tobacco, increases in our operating costs or general economic or industry conditions;

- that our ability to adjust to changing market conditions and to compete with other global leaf tobacco merchants may be hampered by the amount of debt we owe;
- increasing our vulnerability to general adverse economic and industry conditions;
- placing us at a competitive disadvantage compared to our competitors that have less debt or are less leveraged;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- restricting us from making strategic acquisitions or exploiting business opportunities.

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Risks Relating to Our Capital Structure (continued)

We have substantial debt which may adversely affect us by limiting future sources of financing, interfering with our ability to pay interest and principal on the senior notes and subjecting us to additional risks. (continued)

In addition, the indenture governing the senior secured second lien notes and our senior secured credit facility each contain financial and other restrictive covenants that will limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debt. Also, a substantial portion of our debt, including borrowings under our senior secured credit facility, bears interest at variable rates. If market interest rates increase, variable-rate debt will create higher debt service requirements, which would adversely affect our cash flow. While we may enter into agreements limiting our exposure to higher debt service requirements, any such agreements may not offer complete protection from this risk.

Despite current indebtedness levels, we may still be able to incur substantially more debt. This could exacerbate further the risks associated with our significant leverage.

We may be able to incur substantial additional indebtedness in the future. The terms of the indenture governing our publicly traded senior secured second lien notes and our credit agreement restrict, but do not completely prohibit, us from doing so. Our senior secured credit facility provides for a revolving credit line of $210.3 million. There were no borrowings outstanding under this facility at March 31, 2015. If new debt is added to our current debt levels, the related risks we now face could intensify.

The indentures governing the senior notes and our senior secured credit facility contain, and in the future could contain additional, covenants and tests that limit our ability to take actions or cause us to take actions we may not normally take.

The indenture governing the senior secured second lien notes and our senior secured credit facility contain a number of significant covenants. These covenants limit our ability to, among other things:

- incur additional indebtedness;
- issue preferred stock;
- merge, consolidate or dispose of substantially all of our assets;
- grant liens on our assets;
- pay dividends, redeem stock or make other distributions or restricted payments;
- repurchase or redeem capital stock or prepay subordinated debt;
- make certain investments;
- agree to restrictions on the payment of dividends to us by our subsidiaries;
- sell or otherwise dispose of assets, including equity interests of our subsidiaries;
- enter into transactions with our affiliates; and
- enter into certain sale and leaseback transactions.

Our senior secured credit facility and the indenture require us to meet certain financial tests. Complying with these covenants and tests may cause us to take actions that we otherwise would not take or not take actions that we otherwise would take. The failure to comply with these covenants and tests would cause a default under the credit facility and, under the indenture, would prevent us from taking certain actions, such as incurring additional debt, paying dividends or redeeming senior notes or subordinated debt. A default, if not waived, could result in the debt under our senior secured credit facility and the indenture becoming immediately due and payable and could result in a default or acceleration of our other indebtedness with cross-default provisions. If this occurs, we may not be able to pay our debt or borrow sufficient funds to refinance it. Even if new financing is available, it may not be on terms that are acceptable to us.

We may not be able to satisfy the covenants included in our financing arrangements which could result in the default of our outstanding debt obligations.

In the recent past, we have sought and obtained waivers and amendments under our then existing financing arrangements to avoid future non-compliance with financial covenants and cure past defaults under restrictive covenants. We also paid significant fees to obtain these waivers and consents. You should consider this in evaluating our ability to comply with restrictive covenants in our debt instruments and the financial costs of our ability to do so. Any future defaults for which we do not obtain waivers or amendments could result in the acceleration of a substantial portion of our indebtedness, much of which is cross-defaulted to other indebtedness.

Risks Relating to Our Capital Structure (continued)

We will require a significant amount of cash to service our indebtedness. Our ability to generate cash depends on many factors beyond our control.
Our ability to make payments on and to refinance our indebtedness, including the notes, and to fund planned capital expenditures will depend on our ability to generate cash in the future. This is subject to general economic, financial, competitive and other factors that may be beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our senior secured credit facility or otherwise in an amount sufficient to enable us to pay our indebtedness, including the senior secured second lien notes, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, including the senior secured second lien notes, on or before maturity. We cannot assure you that we will be able to refinance any of our debt, including our senior secured credit facility or the senior secured second lien notes, on commercially reasonable terms or at all. Additionally, to the extent permitted under our senior secured credit agreement and indenture, we may repurchase, repay or tender for our bank debt or our senior secured second lien notes, which may place pressure on future cash requirements to the extent that the debt repurchased, repaid or tendered cannot be redrawn.

If we refinance our current credit facilities, we may not be able to obtain the same credit availability or at interest rates similar to our current credit facilities.
If credit market conditions worsen, it could have a material adverse impact on our ability to refinance our current credit facilities on similar or better terms than our current credit facility.

Risks Related to Global Financial and Credit Markets

Volatility and disruption of global financial and credit markets may negatively impact our ability to access financing and expose us to unexpected risks.
Global financial and credit markets exposes us to a variety of risks as we fund our business with a combination of cash from operations, short-term seasonal credit lines, our revolving credit facility, long-term debt securities and customer advances. We have financed our non-U.S. operations with uncommitted unsecured short term seasonal lines of credit at the local level. These local operating lines typically extend for a term of up to one year and are typically uncommitted in that the lenders have the right to cease making loans and demand repayment of loans at any time. As of March 31, 2015, we had approximately $330.3 million drawn and outstanding on short-term foreign seasonal lines with maximum capacity totaling $795.7 million. Changes in the global financial and credit markets could create uncertainty as to whether local seasonal lines will continue to be available to finance our non-U.S. operations to the extent or on terms similar to what has been available in the past and whether repayment of existing loans under these lines will be demanded prior to maturity. To the extent that local seasonal lines cease to be available at levels necessary to finance our non-U.S. operations or we are required to repay loans under the lines prior to maturity, we may be required to seek alternative financing sources beyond our existing committed sources of funding. Based on the current financial and credit markets, we cannot assure you that such alternative funding will be available to us on terms and conditions acceptable to us, or at all. In the event that we may be required to support our non-U.S. operations by borrowing U.S. dollars under our existing senior secured credit facility, we may be exposed to additional currency exchange risk that we may be unable to successfully hedge. Further, there is additional risk that certain banks that are lenders in the U.S. senior secured credit facility could be unable to meet contractually obligated borrowing requests in the future if their financial condition were to deteriorate. In addition, we maintain deposit accounts with numerous financial institutions around the world in amounts that exceed applicable governmental deposit insurance levels. While we actively monitor our deposit relationships, we are subject to risk of loss in the event of the unanticipated failure of a financial institution in which we maintain deposits, which loss could be material to our results of operations and financial condition.

Derivative transactions may expose us to potential losses and counterparty risk.

We have entered into certain derivative transactions, including interest rate swaps and foreign exchange contracts. Changes in the fair value of these derivative financial instruments that are not accounted for as cash flow hedges are reported as income, and accordingly could materially affect our reported income in any period. In addition, the counterparties to these derivative transactions are financial institutions or affiliates of financial institutions, and we are subject to risks that these counterparties default under these transactions. In some of these transactions, our exposure to counterparty credit risk is not secured by any collateral. Global economic conditions over the last few years have resulted in the actual or perceived failure or financial difficulties of many financial institutions, including bankruptcy. If one or more of the counterparties to one or more of our derivative transactions not secured by any collateral becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at the time under those transactions. We can provide no assurances as to the financial stability or viability of any of our counterparties.

Risks Relating to the Tobacco Industry

Reductions in demand for consumer tobacco products could adversely affect our results of operations.
The tobacco industry, both in the United States and abroad, continues to face a number of issues that may reduce the consumption of cigarettes and adversely affect our business, sales volume, results of operations, cash flows and financial condition.

These issues, some of which are more fully discussed below, include:

- governmental actions seeking to ascribe to tobacco product manufacturers liability for adverse health effects associated with smoking and exposure to environmental tobacco smoke;
- smoking and health litigation against tobacco product manufacturers;
- increased consumer acceptance of electronic cigarettes;
- tax increases on consumer tobacco products;
- current and potential actions by state attorneys general to enforce the terms of the Master Settlement Agreement, or MSA, between state governments in the United States and tobacco product manufacturers;
- governmental and private bans and restrictions on smoking;
- actual and proposed price controls and restrictions on imports in certain jurisdictions outside the United States;
- restrictions on tobacco product manufacturing, marketing, advertising and sales;
- the diminishing social acceptance of smoking;
- increased pressure from anti-smoking groups;
- other tobacco product legislation that may be considered by Congress, the states, municipalities and other countries; and
- the impact of consolidation among multinational cigarette manufacturers.

Tobacco product manufacturer litigation may reduce demand for our products and services.
Our primary customers, the leading cigarette manufacturers, face thousands of lawsuits brought throughout the United States and, to a lesser extent, the rest of the world. These lawsuits have been brought by plaintiffs, including (1) individuals and classes of individuals alleging personal injury and/or misleading advertising, (2) governments (including governmental and quasi-governmental entities in the United States and abroad) seeking recovery of health care costs allegedly caused by cigarette smoking, and (3) other groups seeking recovery of health care expenditures allegedly caused by cigarette smoking, including third-party health care payors, such as unions and health maintenance organizations. Damages claimed in some of the smoking and health cases range into the billions of dollars. There have been several jury verdicts in tobacco product litigation during the past several years. Additional plaintiffs continue to file lawsuits. The effects of the lawsuits on our customers could reduce their demand for tobacco from us.

Legislation and regulatory and other governmental initiatives could impose burdensome restrictions on the tobacco industry and reduce consumption of consumer tobacco products and demand for our services.
The Family Smoking Prevention and Tobacco Control Act extends the authority of the Food and Drug Administration ("FDA") to regulate tobacco products. This act authorizes the FDA to adopt product standards for tobacco products, including the level of nicotine yield and the reduction or elimination of other constituents of the products, along with provisions for the testing of products against these standards. The act imposes further restrictions on advertising of tobacco products, authorizes the FDA to limit the sales of tobacco products to face-to-face transactions permitting the verification of the age of the purchaser, authorizes a study to determine whether the minimum age for the purchase of tobacco products should be increased and requires submission of reports from manufacturers of tobacco products to the FDA regarding product ingredients and other matters, including reports on health, toxicological, behavioral, or physiologic effects of tobacco products and their constituents. The act also mandates warning labels and requires packaging to indicate the percentage of domestically grown tobacco and foreign grown tobacco included in the product. The FDA has adopted regulations under the act establishing requirements for the sale, distribution and marketing of cigarettes, as well as package warnings and advertising limitations.

In addition, the act directs the FDA to promulgate regulations requiring that the methods used in, and the facilities and controls used for, the manufacture, preproduction design validation, packing, and storage of a tobacco product conform to current good manufacturing practice. The act does not apply to tobacco leaf that is not in the possession of a manufacturer of tobacco products, or to the producers of tobacco leaf, including tobacco suppliers, tobacco warehouses, and tobacco supplier cooperatives unless those entities are controlled by a tobacco product manufacturer. The FDA has adopted regulations to implement only certain of these provisions. The full impact of these provisions of the legislation, adopted and proposed regulations and any future regulatory action to implement these provisions is uncertain. However, if the effect of such legislation is a significant reduction in consumption of tobacco products, it could materially adversely affect our business, volume, results of operations, cash flows and financial condition.

Risks Relating to the Tobacco Industry (continued)

Legislation and regulatory and other governmental initiatives could impose burdensome restrictions on the tobacco industry and reduce consumption of consumer tobacco products and demand for our services. (continued)

Reports with respect to the harmful physical effects of cigarette smoking have been publicized for many years, and the sale, promotion and use of cigarettes continue to be subject to increasing governmental regulation. Since 1964, the Surgeon General of the United States and the Secretary of Health and Human Services have released a number of reports linking cigarette smoking with a broad range of health hazards, including various types of cancer, coronary heart disease and chronic lung disease, and recommending various governmental measures to reduce the incidence of smoking. More recent reports focus upon the addictive nature of cigarettes, the effects of smoking cessation, the decrease in smoking in the United States, the economic and regulatory aspects of smoking in the Western Hemisphere, and cigarette smoking by adolescents, particularly the addictive nature of cigarette smoking in adolescence. Numerous state and municipal governments have taken and others may take actions to diminish the social acceptance of smoking of tobacco products, including banning smoking in certain public and private locations.

A number of foreign nations also have taken steps to restrict or prohibit cigarette advertising and promotion, to increase taxes on cigarettes and to discourage cigarette smoking. In some cases, such restrictions are more onerous than those in the United States. For example, advertising and promotion of cigarettes has been banned or severely restricted for a number of years in Australia, Canada, Finland, France, Italy, Singapore and other countries. Further, in February 2005, the World Health Organization (“WHO”) treaty, the Framework Convention for Tobacco Control (“FCTC”), entered into force. This treaty, to which 180 nations were parties at March 31, 2015, requires signatory nations to enact legislation that would require, among other things, specific actions to prevent youth smoking; restrict or prohibit tobacco product marketing; inform the public about the health consequences of smoking and the benefits of quitting; regulate the content of tobacco products; impose new package warning requirements including the use of pictorial or graphic images; eliminate cigarette smuggling and counterfeit cigarettes; restrict smoking in public places; increase and harmonize cigarette excise taxes; abolish duty-free tobacco sales; and permit and encourage litigation against tobacco product manufacturers.

Due to the present regulatory and legislative environment, a substantial risk exists that past growth trends in tobacco product sales may not continue and that existing sales may decline. A significant decrease in worldwide tobacco consumption brought about by existing or future governmental laws and regulations would reduce demand for tobacco products and services and could have a material adverse effect on our results of operations.

Government actions can have a significant effect on the sourcing of tobacco. If some of the current efforts are successful, we could have difficulty obtaining sufficient tobacco to meet our customers’ requirements, which could have an adverse effect on our performance and results of operations.

The WHO, through the FCTC, created a formal study group to identify and assess crop diversification initiatives and alternatives
to leaf tobacco growing in countries whose economies depend upon tobacco production. The study group began its work in February 2007. In its initial report published later that year, the study group indicated that the FCTC did not aim to phase out tobacco growing, but the study group's focus on alternatives to tobacco crops was in preparation for its anticipated eventual decrease in demand resulting from the FCTC's other tobacco control initiatives.

If the objective of the FCTC study group were to change to seek to eliminate or significantly reduce leaf tobacco production and certain countries were to partner with the study group in pursuing this objective, we could encounter difficulty in sourcing leaf tobacco to fill customer requirements, which could have an adverse effect on our results of operations.

In addition, continued government and public emphasis on environmental issues, including climate change, conservation, and natural resource management, could result in new or more stringent forms of regulatory oversight of industry activities, which may lead to increased levels of expenditures for environmental controls, land use restrictions affecting us or our suppliers, and other conditions that could have a material adverse effect on our business, financial condition, and results of operations. For example, certain aspects of our business generate carbon emissions. Regulatory restrictions on greenhouse gas emissions have been proposed in certain countries in which we operate.

These may include limitations on such emissions, taxes or emission allowance fees on such emissions, various restrictions on industrial operations, and other measures that could affect land-use decisions, the cost of agricultural production, and the cost and means of processing and transporting our products. These actions could adversely affect our business, financial condition, and results of operations.

We have been subject to governmental investigations into, and litigation concerning, leaf tobacco industry buying and other payment practices.

The leaf tobacco industry, from time to time, has been the subject of government investigations regarding trade practices. For example, we were the subject of an investigation by the Antitrust Division of the United States Department of Justice into certain buying practices alleged to have occurred in the industry, we were named defendants in an antitrust class action litigation alleging a conspiracy to rig bids in the tobacco auction markets, and we were the subject of an administrative investigation into certain tobacco buying and selling practices alleged to have occurred within the leaf tobacco industry in some countries within the European Union, including Spain, Italy, Greece and potentially other countries.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES (AS RESTATED)

Following is a description of Alliance One's material properties as of March 31, 2015.

Corporate
Our corporate headquarters are located in Morrisville, North Carolina and are leased under an agreement that expires in May 2021.

Facilities

We own a total of 11 production facilities in 7 countries. We operate each of our tobacco processing plants for seven to nine months during the year to correspond with the applicable harvesting season. While we believe our production facilities have been efficiently utilized, we continually compare our production capacity and organization with the transitions occurring in global sourcing of tobacco. We also believe our domestic production facilities and certain foreign production facilities have the capacity to process additional volumes of tobacco if required by customer demand.

The following is a listing of the various material properties used in operations all of which are owned by Alliance One:

LOCATION	USE
NORTH AMERICA SEGMENT	
UNITED STATES	
WILSON, N.C.	FACTORY/STORAGE
FARMVILLE, N.C.	FACTORY/STORAGE
DANVILLE, VA	STORAGE
OTHER REGIONS SEGMENT	
SOUTH AMERICA	
VENANCIO AIRES, BRAZIL	FACTORY/STORAGE
ARARANGUA, BRAZIL	FACTORY/STORAGE
EL CARRIL, ARGENTINA	FACTORY/STORAGE
AFRICA	
LILONGWE, MALAWI	FACTORY/STORAGE
MOROGORO, TANZANIA	FACTORY/STORAGE
EUROPE	
KARLSRUHE, GERMANY	FACTORY/STORAGE
ASIA	
NGORO, INDONESIA	FACTORY/STORAGE

ITEM 3. LEGAL PROCEEDINGS

Mindo, S.r.l., the purchaser in 2004 of the Company's Italian subsidiary Dimon Italia, S.r.l., asserted claims against a subsidiary of the Company arising out of that sale transaction in an action filed before the Court of Rome on April 12, 2007. The claim involved a guaranty letter issued by a consolidated subsidiary of the Company in connection with the sale transaction, and sought the recovery of €7.4 million plus interest and costs. On November 11, 2013, the court issued its judgment in favor of the Company's subsidiary, rejecting the claims asserted by Mindo, S.r.l., and awarding the Company's subsidiary legal costs of €0.05 million. On December 23, 2014, Mindo, S.r.l. appealed the judgment of the Court of Rome to the Court of Appeal of Rome. A hearing before the Court of Appeal of Rome has been set for June 12, 2015. The outcome of, and timing of a decision on, the appeal are uncertain.

In addition to the above-mentioned matter, certain of the Company's subsidiaries are involved in other litigation or legal matters incidental to their business activities, including tax matters. While the outcome of these matters cannot be predicted with certainty, the Company is vigorously defending them and does not currently expect that any of them will have a material adverse effect on its business or financial position. However, should one or more of these matters be resolved in a manner adverse to its current expectation, the effect on the Company's results of operations for a particular fiscal reporting period could be material.

ITEM 4. MINE SAFETY DISCLOSURES

N/A

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES (AS RESTATED)

Alliance One's common stock is traded on the New York Stock Exchange, under the ticker symbol "AOI."

The following table sets forth for the periods indicated the high and low reported sales prices of our common stock as reported by the NYSE and the amount of dividends declared per share for the periods indicated. Stock prices are adjusted for a 1-to-10 reverse stock split that was effective June 26, 2015.

	High	Low	Dividends Declared
Year Ended March 31, 2015			
Fourth Quarter	$16.30	$8.30	$—
Third Quarter	21.00	15.20	—
Second Quarter	27.40	19.30	—
First Quarter	30.10	23.00	—
Year Ended March 31, 2014			
Fourth Quarter	$31.00	$24.10	$—
Third Quarter	32.50	28.10	—
Second Quarter	42.30	27.90	—
First Quarter	39.90	34.10	—

As of March 31, 2015, there were 4,995 shareholders, including 4,243 non-objecting beneficial holders of our common stock.

The payment of dividends by Alliance One is subject to the discretion of our board of directors and will depend on business conditions, compliance with debt agreements, achievement of anticipated cost savings, financial condition and earnings, regulatory considerations and other factors. Our senior secured credit facility and the indenture governing our senior secured second lien notes restrict our ability to pay dividends. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Dividends.”

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES (AS RESTATED) (continued)

Alliance One International, Inc. Comparison of Cumulative Total Return to Shareholders

The following line graph and table presents the cumulative total shareholder return of a $100 investment including reinvestment of dividends and price appreciation over the last five years in each of the following: Alliance One International, Inc. (AOI) common stock, the S&P 500 Index, the S&P 600 Small Cap Index and an index of peer companies. The sole company in the peer group is Universal Corporation (UVV).
*$100 invested on 3/31/10 in stock or index, including reinvestment of dividends.
Fiscal year ending March 31.

Cumulative Total Return

	03/31/2010	03/31/2011	03/31/2012	03/31/2013	03/31/2014	03/31/2015
Alliance One International, Inc.	$100.00	$ 78.98	$ 74.07	$ 76.42	57.37	21.61
S&P 500	$100.00	$ 115.65	$ 125.52	$ 143.05	174.31	196.51
S&P Smallcap 600	$100.00	$ 125.26	$ 131.56	$ 152.80	195.29	212.32
Custom Peer Group	$100.00	$ 86.34	$ 96.80	$ 121.15	125.39	110.55

ITEM 6. SELECTED FINANCIAL DATA (AS RESTATED)

As discussed in the Explanatory Note to this Form 10-K/A (the "Explanatory Note") and in Note 1A of the Notes to Consolidated Financial Statements included in Part II. Item 8 of this Form 10-K/A, we are restating our audited consolidated financial statements and related disclosures for the years ended March 31, 2015, 2014 and 2013. In addition, as discussed in the Explanatory Note, we are also restating selected consolidated statement of operations data for the fiscal year ended March 31, 2012 and selected consolidated balance sheet data at March 31, 2012 and 2011, which restated selected consolidated financial data have not been audited. We have not included selected consolidated statement of operations data for the year ended March 31, 2011 as we have determined that it is impractical to do so. We have determined that the restatement of retained earnings of approximately $10.7 million that occurred prior to April 1, 2011 is necessary as a result of the errors described in the Explanatory Note, but are unable to determine the extent of the impact of such errors in any period prior to April 1, 2011. The following selected financial data should be read together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes included elsewhere in this Form 10-K/A.

FIVE YEAR FINANCIAL STATISTICS
Alliance One International, Inc. and Subsidiaries

		Years Ended March 31,			
(in thousands, except per share amount, ratio and number of stockholders)	2015 (As Restated)	2014 (As Restated)	2013 (As Restated)	2012 (6) (Restated/Unaudited)	2011 (6) (Restated/Unaudited)
Summary of Operations					

Sales and other operating revenues	$2,066,865	$2,354,536	$2,240,996	$ 2,149,468	$ —
Restructuring and asset impairment charges (recoveries)	9,118	5,111	(55)	1,006	—
Operating income	97,969	106,219	162,201	149,636	—
Debt retirement expense (income) (1)	(771)	57,449	1,195	—	—
Net income (loss)	(26,302)	(101,404)	24,612	24,908	—
Net income (loss) attributable to Alliance One International, Inc.	(26,130)	(101,061)	23,913	25,168	—
Earnings Per Share Attributable to Alliance One International, Inc.: (5)					
Basic earnings (loss) per share	$(2.96)	$(11.52)	$2.74	$ 2.89	$ —
Diluted earnings (loss) per share (2)	$(2.96)	$(11.52)	$2.53	$ 2.61	$ —
Cash dividends paid	—	—	—	—	—
Balance Sheet Data					
Working capital	$632,671	$792,703	$829,892	$ 813,030	$ 836,019
Total assets	1,626,646	1,748,013	1,895,373	1,933,867	1,795,813
Long-term debt	738,943	900,363	830,870	821,453	884,371
Stockholders' equity attributable to Alliance One International, Inc.	193,994	245,302	324,504	313,918	303,533
Other Data					
Ratio of earnings to fixed charges	—	—	1.44	1.44	—
Coverage deficiency	$8,265	$60,146	n/a	n/a	—
Common shares outstanding at year end (3) (5)	8,858	8,816	8,764	8,738	8,709
Number of stockholders at year end (4)	4,995	5,346	5,582	6,380	8,849

(1) For the year ended March 31, 2014, the Company refinanced its credit facility and long-term debt which resulted in recognition of significant costs to retire existing debt and accelerated recognition of related deferred financing costs and original issue discounts. For the year ended March 31, 2013, the Company terminated a long-term foreign seasonal borrowing which resulted in accelerated recognition of related deferred financing costs.
(2) For the years ended March 31, 2015, 2014 and 2011, all outstanding restricted shares and shares applicable to stock options and restricted stock units are excluded because their inclusion would have an antidilutive effect on the loss per share. For the years ended March 31, 2015, 2014 and 2011, assumed conversion of convertible notes at the beginning of the period has an antidultive effect on the loss per share.
(3) Excluding 785 shares owned by a wholly owned subsidiary.
(4) Includes the number of stockholders of record and non-objecting beneficial owners.
(5) The Company's approved 1-for-10 reverse stock split of its common stock became effective after the close of trading on June 26, 2015. As a result, every 10 shares of Alliance One common stock outstanding were combined into one share of Alliance One common stock, reducing the number of outstanding shares of the Company's common stock at June 26, 2015 from approximately 88.6 million shares to approximately 8.86 million shares.
(6) The selected consolidated statement of operations data for the fiscal year ended March 31, 2012 and the selected consolidated balance sheet data at March 31, 2012 and 2011 have not been audited. We have not included selected consolidated statement of operation data for the year ended March 31, 2011 as we have determined that it is impractical to do so. We have determined that the restatement of retained earnings of approximately $10.7 million that occurred prior to April 1, 2011 is necessary as a result of the errors described in the Explanatory Note, but are unable to determine the extent of the impact of such errors in any period prior to April 1, 2011.
ITEM 6. SELECTED FINANCIAL DATA (AS RESTATED) (continued)

FIVE YEAR FINANCIAL STATISTICS (continued)
Alliance One International, Inc. and Subsidiaries

(in thousands, except per share amount, ratio and number of stockholders)	2015 As Previously Reported	Inventory Adjustments (5)	Receivables Adjustments (6)	Other Adjustments (7)	As Restated
Summary of Operations					
Sales and other operating revenues	$2,065,850	$ —	$ 1,584	$ (569)	$2,066,865
Restructuring and asset impairment charges (recoveries)	9,118	—	—	—	9,118
Operating income	110,835	(14,727)	1,584	277	97,969
Debt retirement expense (income)	(771)	—	—		(771)
Net income (loss)	(15,597)	(13,899)	1,495	1,699	(26,302)
Net income (loss) attributable to Alliance One International, Inc.	(15,425)	(13,899)	1,495	1,699	(26,130)
Earnings Per Share Attributable to Alliance One International, Inc.: (4)					
Basic earnings (loss) per share	$(1.75)	$ (1.58)	$ 0.17	$ 0.19	$(2.96)
Diluted earnings (loss) per share (1)	$(1.75)	$ (1.58)	$ 0.17	$ 0.19	$(2.96)
Cash dividends paid	—	—	—	—	—
Balance Sheet Data					
Working capital	$672,236	$ (31,643)	$ (7,277)	$ (645)	$632,671
Total assets	1,664,589	(31,665)	(7,459)	1,181	1,626,646
Long-term debt	738,943	—	—	—	738,943
Stockholders' equity attributable to Alliance One International, Inc.	232,990	(31,643)	(7,277)	(76)	193,994
Other Data					
Ratio of earnings to fixed charges	1.04	(1.04)	—	—	—
Coverage deficiency	n/a	$ 6,707	$ 1,542	$ 16	$8,265
Common shares outstanding at year end (2) (4)	8,858	—	—	—	8,858
Number of stockholders at year end (3)	4,995	—	—	—	4,995

(1) For the year ended March 31, 2015, all outstanding restricted shares and shares applicable to stock options and restricted stock units are excluded because their inclusion would have an antidilutive effect on the loss per share. For the year ended March 31, 2015, assumed conversion of convertible notes at the beginning of the period has an antidultive effect on the loss per share.
(2) Excluding 785 shares owned by a wholly owned subsidiary.
(3) Includes the number of stockholders of record and non-objecting beneficial owners.
(4) Shares and earnings per share are adjusted for a 1-for-10 reverse stock split that was effective June 26, 2015.
(5) Adjustments related to 1) improper accounting for shrinkage, deferred crop costs, lower of cost or market valuations and accurate inventory, and 2) costs of goods and services sold associated with improper revenue recognition.
(6) Adjustments related to improper revenue recognition.
(7) Adjustments for the previously identified immaterial accounting errors, primarily impacting inventories, costs of goods and services sold, income tax expense, and interest expense.

ITEM 6. SELECTED FINANCIAL DATA (AS RESTATED) (continued)

FIVE YEAR FINANCIAL STATISTICS (continued)
Alliance One International, Inc. and Subsidiaries

(in thousands, except per share amount, ratio and number of stockholders)	2014 As Previously Reported	Inventory Adjustments (6)	Receivables Adjustments (7)	Other Adjustments (8)	As Restated
Summary of Operations					
Sales and other operating revenues	$2,354,956	$ —	$ (344)	$ (76)	$2,354,536
Restructuring and asset impairment charges (recoveries)	5,111	—	—	—	5,111
Operating income	119,059	(10,567)	(344)	(1,929)	106,219
Debt retirement expense (income) (1)	57,449	—	—	—	57,449
Net income (loss)	(87,002)	(11,006)	(358)	(3,038)	(101,404)
Net income (loss) attributable to Alliance One International, Inc.	(86,659)	(11,006)	(358)	(3,038)	(101,061)
Earnings Per Share Attributable to Alliance One International, Inc.: (5)					
Basic earnings (loss) per share	$(9.88)	$ (1.25)	$ (0.04)	$ (0.35)	$(11.52)
Diluted earnings (loss) per share (2)	$(9.88)	$ (1.25)	$ (0.04)	$ (0.35)	$(11.52)
Cash dividends paid	—	—	—	—	—
Balance Sheet Data					
Working capital	$819,400	$ (17,744)	$ (8,772)	$ (181)	$792,703
Total assets	1,775,287	(16,937)	(9,044)	(1,293)	1,748,013
Long-term debt	900,363	—	—	—	900,363
Stockholders' equity attributable to Alliance One International, Inc.	273,593	(17,744)	(8,772)	(1,775)	245,302
Other Data					
Ratio of earnings to fixed charges	—	—	—	—	—
Coverage deficiency	$47,277	$ 9,834	$ 320	$ 2,715	$60,146
Common shares outstanding at year end (3) (5)	8,816	—	—	—	8,816
Number of stockholders at year end (4)	5,346	—	—	—	5,346

(1) For the year ended March 31, 2014, the Company refinanced its credit facility and long-term debt which resulted in recognition of significant costs to retire existing debt and accelerated recognition of related deferred financing costs and original issue discounts.
(2 For the year ended March 31, 2014 all outstanding restricted shares and shares applicable to stock options and restricted stock units are excluded because their inclusion would have an antidilutive effect on the loss per share. For the year ended March 31, 2014 assumed conversion of convertible notes at the beginning of the period has an antidultive effect on the loss per share.
(3) Excluding 785 shares owned by a wholly owned subsidiary.
(4) Includes the number of stockholders of record and non-objecting beneficial owners.
(5) Shares and earnings per share are adjusted for a 1-for-10 reverse stock split that was effective June 26, 2015.
(6) Adjustments related to 1) improper accounting for shrinkage, deferred crop costs, lower of cost or market valuations and accurate inventory, and 2) costs of goods and services sold associated with improper revenue recognition.
(7) Adjustments related to improper revenue recognition.
(8) Adjustments for the previously identified immaterial accounting errors, primarily impacting inventories, costs of goods and services sold, income tax expense, and interest expense.

ITEM 6. SELECTED FINANCIAL DATA (AS RESTATED) (continued)

FIVE YEAR FINANCIAL STATISTICS (continued)
Alliance One International, Inc. and Subsidiaries

(in thousands, except per share amount, ratio and number of stockholders)	2013 As Previously Reported	Inventory Adjustments (5)	Receivables Adjustments (6)	Other Adjustments (7)	As Restated
Summary of Operations					
Sales and other operating revenues	$2,243,816	$ —	$ (3,279)	$ 459	$2,240,996
Restructuring and asset impairment charges (recoveries)	(55)	—	—	—	(55)
Operating income	160,272	4,230	(3,279)	978	162,201
Debt retirement expense (income) (1)	1,195	—	—	—	1,195
Net income (loss)	24,712	3,863	(2,994)	(969)	24,612
Net income (loss) attributable to Alliance One International, Inc.	24,013	3,863	(2,994)	(969)	23,913
Earnings Per Share Attributable to Alliance One International, Inc.: (4)					
Basic earnings (loss) per share	$2.75	$ 0.44	$ (0.34)	$ (0.11)	$2.74
Diluted earnings (loss) per share	$2.54	$ 0.35	$ (0.27)	$ (0.09)	$2.53
Cash dividends paid	—	—	—	—	—
Balance Sheet Data					
Working capital	$843,803	$ (6,738)	$ (8,414)	$ 1,241	$829,892
Total assets	1,911,579	(6,370)	(8,687)	(1,149)	1,895,373
Long-term debt	830,870	—	—	—	830,870
Stockholders' equity attributable to Alliance One International, Inc.	338,393	(6,738)	(8,414)	1,263	324,504
Other Data					
Ratio of earnings to fixed charges	1.43	—	—	0.01	1.44
Coverage deficiency	n/a	—	—	—	n/a
Common shares outstanding at year end (2) (4)	8,764	—	—	—	8,764
Number of stockholders at year end (3)	5,582	—	—	—	5,582

(1) For the year ended March 31, 2013, the Company terminated a long-term foreign seasonal borrowing which resulted in accelerated recognition of related deferred financing costs.
(2) Excluding 785 shares owned by a wholly owned subsidiary.
(3) Includes the number of stockholders of record and non-objecting beneficial owners.
(4) Shares and earnings per share are adjusted for a 1-for-10 reverse stock split that was effective June 26, 2015.
(5) Adjustments related to 1) improper accounting for shrinkage, deferred crop costs, lower of cost or market valuations and accurate inventory, and 2) costs of goods and services sold associated with improper revenue recognition.
(6) Adjustments for the related to improper revenue recognition.
(7) Adjustments for the previously identified immaterial accounting errors, primarily impacting inventories, costs of goods and services sold, income tax expense, and interest expense.

ITEM 6. SELECTED FINANCIAL DATA (AS RESTATED) (continued)

FIVE YEAR FINANCIAL STATISTICS (continued)
Alliance One International, Inc. and Subsidiaries

(in thousands, except per share amount, ratio and number of stockholders)	2012 As Previously Reported	Inventory Adjustments (4)		Receivables Adjustments (5)		Other Adjustments (6)		As Restated/Unaudited
Summary of Operations								
Sales and other operating revenues	$2,150,767	$ —		$ (662	)	$ (637	)	$ 2,149,468
Restructuring and asset impairment charges (recoveries)	1,006	—		—		—		1,006
Operating income	154,813	(4,652	)	(662	)	137		149,636
Debt retirement expense (income)	—	—		—		—		—
Net income (loss)	29,191	(4,195	)	(509	)	421		24,908
Net income (loss) attributable to Alliance One International, Inc.	29,451	(4,195	)	(509	)	421		25,168
Earnings Per Share Attributable to Alliance One International, Inc.: (3)								
Basic earnings (loss) per share	$3.38	$ (0.48	)	$ (0.06	)	$ 0.05		$ 2.89
Diluted earnings (loss) per share	$3.05	$ (0.43	)	$ (0.05	)	$ 0.04		$ 2.61
Cash dividends paid	—	—		—		—		—
Balance Sheet Data								
Working capital	$828,681	$ (10,601	)	$ (5,420	)	$ 370		$ 813,030
Total assets	1,949,845	(10,601	)	(5,576	)	199		1,933,867
Long-term debt	821,453	—		—		—		821,453
Stockholders' equity attributable to Alliance One International, Inc.	327,482	(10,601	)	(5,420	)	2,457		313,918
Other Data								
Ratio of earnings to fixed charges	1.49	(0.04	)	(0.02	)	0.01		1.44
Coverage deficiency	n/a	—		—		—		n/a
Common shares outstanding at year end (1) (3)	8,738	—		—		—		8,738
Number of stockholders at year end (2)	6,380	—		—		—		6,380

(1) Excluding 785 shares owned by a wholly owned subsidiary.
(2) Includes the number of stockholders of record and non-objecting beneficial owners.
(3) Shares and earnings per share are adjusted for a 1-for-10 reverse stock split that was effective June 26, 2015.
(4) Adjustments related to 1) improper accounting for shrinkage, deferred crop costs, lower of cost or market valuations and accurate inventory, and 2) costs of goods and services sold associated with improper revenue recognition.
(5) Adjustments related to improper revenue recognition.
(6) Adjustments for the previously identified immaterial accounting errors, primarily impacting inventories, costs of goods and services sold, income tax expense, and interest expense.

ITEM 6. SELECTED FINANCIAL DATA (AS RESTATED) (continued)

FIVE YEAR FINANCIAL STATISTICS (continued)
Alliance One International, Inc. and Subsidiaries

(in thousands, except per share amount, ratio and number of stockholders)	2011 As Previously Reported	Inventory Adjustments (3)	Receivables Adjustments (4)	Other Adjustments (5)	As Restated/Unaudited
Balance Sheet Data					
Working capital	$846,860	$ (6,406)	$ (4,911)	$ 476	$ 836,019
Total assets	1,808,330	(5,948)	(4,759)	(1,810)	1,795,813
Long-term debt	884,371	—	—	—	884,371
Stockholders' equity attributable to Alliance One International, Inc.	312,813	(6,406)	(4,911)	2,037	303,533
Other Data					
Common shares outstanding at year end (1)	8,709	—	—	—	8,709
Number of stockholders at year end (2)	8,849	—	—	—	8,849

(1) Excluding 785 shares owned by a wholly owned subsidiary.
(2 Includes the number of stockholders of record and non-objecting beneficial owners.
(3) Adjustments related to 1) improper accounting for shrinkage, deferred crop costs, lower of cost or market valuations and accurate inventory, and 2) costs of goods and services sold associated with improper revenue recognition.
(4) Adjustments related to improper revenue recognition.
(5) Adjustments for the previously identified immaterial accounting errors, primarily impacting inventories, costs of goods and services sold, income tax expense, and interest expense.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (AS RESTATED)

The following discussions should be read in conjunction with the other sections of this report, including the consolidated financial statements and related notes contained in Item 8 of this Form 10-K/A:

RESTATEMENT

As discussed in the Explanatory Note in this Form 10-K/A and in Note 1A of the Notes to Consolidated Financial Statements included in Part II. Item 8 of this Form 10-K/A, we are restating our consolidated financial statements and related disclosures for the years ended March 31, 2015, 2014 and 2013. The following discussion and analysis of our financial condition and results of operations incorporates the restated amounts. In addition, the Company's management ceased evaluating performance of its value added services as a separate operating segment on April 1, 2015. The Company's cut rag and other specialty products and services are now combined within the geographic operating segments in which they operate. In reviewing its operating segments, based on changes in its business, the Company has now concluded that the economic characteristics of North America are dissimilar from the other operating segments. As a result, the Company is disclosing North America separately and has aggregated the remaining four operating segments, Africa, Asia, Europe and South America into one reportable segment "Other Regions" in this Form 10-K/A. In addition, after the close of business on June 26, 2015, the Company effected a one-for-ten reverse split of its common stock. Shares and per share amounts have been adjusted for this reverse split. For these reasons, the data set forth in this Item 7 may not be comparable to the discussion and data in our previously filed Annual Report on Form 10-K for the year ended March 31, 2015.

Executive Overview

The following executive overview is intended to provide significant highlights of the discussion and analysis that follows.

Financial Results

Fiscal year 2015 volume and sales were impacted by global oversupply as a result of customers that modified inventory positions due to reduced consumer demand in some markets over the last 36 months, as well as the deconsolidation of a former Brazilian subsidiary in March 2014. However, primarily as a result of product mix, exchange rate movement and the non-recurrence of Zambia losses in the prior year, gross profit improved 7.1% and our gross profit as a percentage of sales improved from 9.6% to 11.7%. SG&A increased 2.2% as increased reserves for customer receivables were substantially offset by lower compensation costs, professional fees and amortization related to internally developed software. Other income decreased mainly due to the prior year gain of $20.9 million from the sale of a 51% interest in a Brazilian subsidiary to complete the formation of a new joint venture. Restructuring and asset impairment charges in the current year are primarily related to employee severance costs in connection with our restructuring and cost reduction plan announced during the quarter ended March 31, 2015. Although operating income decreased by 7.7% from the prior year mainly driven by the non-recurrence of the Brazilian other income gain last year, our pretax income improved 86.4% from $(61.0) million to $(8.3) million and was impacted by the non-recurrence of debt retirement costs associated with our refinancing last year.

Liquidity

Our liquidity requirements are affected by various factors including crop seasonality, foreign currency and interest rates, green tobacco prices, customer mix, crop size and quality. We monitor and adjust funding sources based on a number of industry, business, and financial market dynamics. We utilize surplus cash to reduce long-term debt and during the year purchased and canceled $15.0 million of our 9.875% Senior Secured Second Lien Notes, leaving $720.0 million of face value outstanding at year end. Our goal as we move forward is to reduce the amount of this debt by continuing to utilize surplus cash. Additionally, our liquidity position at March 31, 2015 remained strong and in line with our internal expectations at $813.2 million, comprised of $143.9 million of cash and $669.4 million of available credit, with $10.9 exclusively for letters of credit. We will continue to monitor the capital markets and utilize various short-term funding sources to enhance and drive various business opportunities that maintain flexibility and meet cost expectations.

Outlook

Planned global crop production is beginning to decrease in line with world-wide demand. It will likely take another crop cycle to achieve equilibrium or potentially undersupply in certain qualities, although the market has already begun to tighten in some origins. We will continue to monitor our customers' requirements, as we further strengthen our operations, improve our global footprint and move further up the supply chain to meet our customers' evolving sourcing parameters and simplification strategies. Partial vertical integration strategies by some manufactures are beginning to reverse as the efficiency benefits and costs savings of further leveraging compliant leaf merchants' capabilities are presenting opportunities for growth. We will continue to focus on enhancing best agricultural practices globally and improving sustainability programs essential to our Company and customers.

Phase one of our restructuring and efficiency improvement program that commenced implementation in March 2015 is on track to deliver $30.0 million to$35.0 million of anticipated recurring annualized savings with approximately 75.0% to 80.0% of the actions targeted enacted by the end of September 2015. In addition to reducing our cost structure, we plan to further optimize our global footprint including rationalizing certain markets that are neither meeting internal performance expectations nor part of our customers' future planning, while improving core markets where we have invested. We believe growth opportunities exist, and we are taking the steps required to strengthen our position as a preferred supplier to the world's manufacturers. Execution on plans to address challenges and customer requirements are anticipated to improve shareholder value.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (AS RESTATED) (continued)

Results of Operations (As Restated)

Condensed Consolidated Statements of Operations and Supplemental Information (As Restated)

	Twelve Months Ended March 31,						
		Change			Change		
(in millions, except per kilo amounts)	2015	$	%	2014	$	%	2013
Kilos sold	378.4	(46.4)	(10.9)	424.8	0.6	0.1	424.2
Tobacco sales and other operating revenues:							
Sales and other operating revenues	$1,948.5	$(320.1)	(14.1)	$2,268.6	$122.7	5.7	$2,145.9
Average price per kilo	5.15	(0.19)	(3.6)	5.34	0.28	5.5	5.06
Processing and other revenues	118.4	32.5	37.8	85.9	(9.2)	(9.7)	95.1
Total sales and other operating revenues	2,066.9	(287.6)	(12.2)	2,354.5	113.5	5.1	2,241.0
Tobacco cost of goods sold:							
Tobacco costs	1,673.6	(298.8)	(15.1)	1,972.4	156.3	8.6	1,816.1
Transportation, storage and other period costs	79.0	(16.1)	(16.9)	95.1	24.5	34.7	70.6
Derivative financial instrument and exchange (gains) losses	(0.5)	(8.6)	(106.2)	8.1	(2.9)	(26.4)	11.0
Total tobacco cost of goods sold	1,752.1	(323.5)	(15.6)	2,075.6	177.9	9.4	1,897.7
Average cost per kilo	4.63	(0.26)	(5.3)	4.89	0.42	9.4	4.47
Processing and other revenues cost of services sold	72.1	19.9	38.1	52.2	(3.9)	(7.0)	56.1
Total cost of goods and services sold	1,824.2	(303.6)	(14.3)	2,127.8	174.0	8.9	1,953.8
Gross profit	242.7	16.0	7.1	226.7	(60.5)	(21.1)	287.2
Selling, general, and administrative expenses	137.0	2.9	2.2	134.1	(11.7)	(8.0)	145.8
Other income	1.4	(17.3)	(92.5)	18.7	(2.0)	(9.7)	20.7
Restructuring and asset impairment charges (recoveries)	9.1	4.0	78.4	5.1	5.2	5,200.0	(0.1)
Operating income	98.0	(8.2)	(7.7)	106.2	(56.0)	(34.5)	162.2
Debt retirement expense (income)	(0.8)	(58.2)	(101.4)	57.4	56.2	4,683.3	1.2
Interest expense	113.3	(3.5)	(3.0)	116.8	2.3	2.0	114.5
Interest income	6.3	(0.8)	(11.3)	7.1	0.6	9.2	6.5
Income tax expense	20.9	(19.6)	(48.4)	40.5	10.5	35.0	30.0
Equity in net income of investee companies	2.8	2.7	2,700.0	0.1	(1.5)	(93.8)	1.6
Income (loss) attributable to noncontrolling interests	(0.2)	0.1	33.3	(0.3)	(1.0)	(142.9)	0.7
Income (loss) attributable to Alliance One International, Inc.	$(26.1)	$75.0	*74.2	$(101.1)*	$(125.0)*	(523.0)	$23.9

*Amounts do not equal column totals due to rounding.

Summary. Total sales and other operating revenues decreased 12.2% to $2,066.9 million primarily due to a 10.9% decrease in volumes and a 3.6% decrease in average sales price. Processing revenues and cost of services increases were primarily due to processing for our former Brazilian subsidiary that is now deconsolidated following the completion of a joint venture in March 2014 and increased customer requirements due to a larger U.S. flue cured crop this year. Reduced volumes were primarily from Brazil due to the deconsolidation of the former Brazilian subsidiary as well as the impact of an oversupply of tobacco in the global market. Lower average sales prices and average tobacco costs on a per kilo basis were primarily the result of product mix, lower prices paid to tobacco suppliers across most regions in response to the oversupply market and exchange rate movement. Average tobacco costs per kilo were further decreased due to lower period costs primarily from the non-recurrence of prior year losses in Zambia related to reduced recoveries from tobacco suppliers. The decreases in tobacco costs more than offset the decreases in tobacco revenues and gross margin increased 7.1% to $242.7 million. Although volumes decreased this year, the impact of product mix, higher green costs not fully recovered from customers in the prior year, the non-recurrence of Zambia losses and improvement in currency movements, our gross margin as a percentage of sales improved from 9.6% to 11.7%. SG&A increased primarily from increased reserves for customer receivables that were substantially offset by lower compensation costs, professional fees and

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (AS RESTATED) (continued)

Results of Operations (As Restated) (continued)

Comparison of the Year Ended March 31, 2015 to the Year Ended March 31, 2014 (continued)

amortization related to internally developed software. Other income decreased primarily due to the prior year gain of $20.4 million from the sale of 51% interest in a Brazilian subsidiary to complete the formation of a new joint venture. Restructuring and asset impairment charges in the current year are primarily related to employee severance costs in connection with our restructuring and cost reduction plan announced during the quarter ended March 31, 2015. The prior year included restructuring and asset impairment charges primarily attributable to our agreement for a joint processing venture in Turkey and equipment charges in Africa. Primarily due to the non-recurrence of the prior year Brazil other income gain, operating income decreased 7.7% compared with the prior year.

In the prior year, we refinanced our 10% senior notes and purchased $60.0 million of our convertible notes. As a result, one-time debt retirement costs of $57.4 million were recorded including $21.3 million of accelerated amortization of debt issuance costs and recognition of original issue discount related to the 10% senior notes. Our interest costs decreased from the prior year related primarily due to lower amortization of debt costs and average borrowings partially offset by higher average rates. Our effective tax rate was (252.4)% this year compared to (66.4)% last year. The variance in the effective tax rate between this year and last year is mainly related to differences in forecasted income for the respective years, differences in year-to-date income; certain losses for which no tax benefit is recorded; and, differences between discrete items recognized that include changes in valuation allowances, net exchanges losses on income tax accounts and net exchange gains related to liabilities for unrecognized tax benefits.

North America Region

North America Region Supplemental Information

	Twelve Months Ended March 31,			
		Change		
(in millions, except per kilo amounts)	2015	$	%	2014
Kilos sold	53.6	(10.6)	(16.5)	64.2
Tobacco sales and other operating revenues:				
Sales and other operating revenues	$363.3	$(71.2)	(16.4)	$434.5
Average price per kilo	6.78	0.01	0.1	6.77
Processing and other revenues	77.7	13.8	21.6	63.9
Total sales and other operating revenues	441.0	(57.4)	(11.5)	498.4
Tobacco cost of goods sold				
Tobacco costs	316.2	(69.6)	(18.0)	385.8
Transportation, storage and other period costs	11.0	0.4		